

Message Text

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PAGE 01 HONG K 11021 160522Z
ACTION EA-12

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UNCLAS HONG KONG 11021

COMMERCE FOR OIM/EA AND OEA

E.O. 11652: N/A
TAGS: BEXP, BGEN, EGEN, CH, HK
SUBJECT: ARTICLES ON NEW PRC JOINT VENTURES IN HONG KONG AND MACAU

REF: A) HONGKONG 9646 B) HONGKONG 7750

1. ON AUG 5 1978, HONG KONG'S NEUTRAL CHINESE DAILY MING PAO AND MAJOR ENGLISH DAILY, SOUTH CHINA MORNING POST, BOTH REPORTED NEW PRC VENTURE IN HONG KONG. ACCORDING TO THE ARTICLES, PRC WAS CURRENTLY CONDUCTING EXPLORATORY TALKS IN HONG KONG OVER THE SETTING-UP OF ELECTRONICS AND CHEMICAL ENTERPRISES IN JOINT VENTURE WITH FOREIGN FIRMS, BOTH IN HONG KONG AND MACAU.

2. ARTICLES STATED CHINA RESOURCES CO., AGENT OF PRC, HAD APPROACHED SEVERAL EUROPEAN, AMERICAN AND JAPANESE FIRMS ON THIS SUBJECT. NO SOLID AGREEMENTS HAD YET RESULTED AT THIS EMBRYO STAGE, BUT CHINA WAS AIMING FOR AN EQUAL SHARE OF FUNDING AND CONTROL. IF SUCCESSFUL, SUCH ENTERPRISES WOULD ALLOW PRC TO EXPOSE PART OF ITS LABOR FORCE TO FOREIGN TECHNOLOGY AND TO HAVE DIRECT ACCESS TO CERTAIN TECHNIQUES PERFECTED IN THE WEST. ANOTHER OBJECTIVE WAS THAT PRC WOULD BE ABLE TO PRODUCE CERTAIN PRODUCTS UNDER EXPORT CONTROL BY FOREIGN GOVERNMENTS FOR ITS OWN CONSUMPTION. SIEMENS AND GRAETZ, TWO GERMAN ELECTRONICS COMPANIES, WERE CONTACTED BY CHINA RESOURCES COMPANY IN MARCH,
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1978 AND SOME AMERICAN FIRMS WERE CONTACTED IN MAY 1978.

3. ARTICLES STATED THAT IN VIEW OF THE FACT THAT THIS JOINT VENTURE ENTERPRISE WOULD INVOLVE LEGAL COMPLEXITIES AND THE FOREIGN POLICY OF DIFFERENT GOVERNMENTS, THE FOREIGN FIRMS WERE HESITANT TOWARDS THIS MATTER. MACAU WAS ALSO UNDER CONSIDERATION, AS LAND AND LABOR COSTS ARE LOWER THAN IN HONG KONG.

THERE WAS EVEN TALK OF THE POSSIBILITY THAT PRC WOULD EXPORT ITS
OWN LABOR FORCE TO MACAU WHICH WOULD DOUBLE ITS PRESENT POPULATION
TO SLIGHTLY MORE THAN 500,000.

4. SEE REFERENCES FOR DETAILED BACKGROUND MATERIAL ON THIS SUBJECT.
SHOESMITH

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Message Attributes

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Disposition Event:
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